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The Province of Alberta

IN THE MATTER OF THE PUBLIC INQUIRIES ACT

AND IN THE MATTER OF O/C 290/73, AN INQUIRY INTO THE NEW TOWN OF GRANDE CACHE

N. R. CRUMP, Esq.,	Chief Commissioner
T. H. PATCHING, Esq.,	Commissioner
DAVID GRAHAM, Esq.,	Commissioner

W. A. Stevenson, Esq.,	Commission Counsel
D. O. Sabey, Esq., Q.C., and J. G. Martland, Esq.,	For McIntyre Porcupine Mines Ltd.

DATE: June 21, 1973
HELD AT: Edmonton, Alberta.

VOLUME IV

(Pages 550 - 623)

Supreme Court Reporters
EDMONTON, ALBERTA

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I N D E X

VOLUME IV

JUNE 21, 1973

WITNESSES:

FRANK JOHN HOLUBOWICH (Recalled)

Examination by Mr. Stevenson 550
Examination by Mr. Martland 551
Examination by Mr. Patching 555
Examination by Mr. Graham 556

ROBERT CRONKHITE

Examination by Mr. Stevenson 557
Examination by Mr. Patching 606
Examination by Mr. Crump 610

GILBERT DOUGLAS MENZIES

Examination by Mr. Stevenson 615
Examination by Mr. Martland 622

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PROCEEDINGS before The Board of Commissioners at the Law Courts, City of Edmonton, Province of Alberta, commencing at 9:30 a.m., Thursday, June 21st, A.D. 1973.

FRANK JOHN HOLUBOWICH, recalled on his former oath, further examined by Mr. Stevenson:

MR. CRUMP: Mr. Stevenson?

MR. STEVENSON: Mr. Holubowich is still under examination. I have completed my examination. There is one point that as a matter of record he couldn't record for us. We may have this information elsewhere, but we can get it now.

Q MR. STEVENSON: Mr. Holubowich, do you have the record of the royalty payments made by McIntyre Porcupine over the last couple of years?

A Yes, sir.

Q And I take it that these royalties are reported on sales, not necessarily on production, but at the time of sale?

A That is right, sir.

Q Could you give me that information, sir?

A Yes. The operations commenced in 1970 on some major scale apparently, and in 1970 the Department received some $66,800 in royalty.

MR. CRUMP: Would you mind speaking a little louder.

A Sorry, sir.

MR. CRUMP: We are behind the barrier here.

A In 1970 the Department received royalty of some $66,880. In 1971, $131,500 approximately. That amount, if you want it to the penny I can give it.

MR. STEVENSON: No, that is all right.

A And in 1972, $157,678. And of course we haven't got the total royalties for the year 1973, but I have it for the first quarter of this year.

Q MR. STEVENSON: What is it?

A $54,000 approximately.

Q And I take it that those are the reported sale figures?

A That is right, Mr. Stevenson.

MR. STEVENSON: Would you answer Mr. Martland, please?

A Yes, I will.

MR. MARTLAND EXAMINES THE WITNESS:

Q Sir, I understand that your Department is only involved with the leases on these particular properties, and that the regulations with regard to exploration, production, and safety fall under the Department of the Energy Resources Control Board?

A They fall within the purview of the Energy Resources Conservation Board, the Mines Branch, the Mines Division of that Board.

Q So that your knowledge and extent of the Department's knowledge is limited to the leases themselves?

A That is right.

Q Yesterday you told us that the royalty had been established at 10 cents per short ton. When was that amount established?

A That amount has been established probably at the time that the Provincial Government assumed responsibility for the mineral resources of the Province in 1930, and it could have been that there was some carry-over of that concept prior to that of the Federal jurisdiction. However, to my knowledge the coal royalty on leases issued by the Crown in right of the Province has been 10 cents a ton. There were leases, if I might elaborate a little bit, there were leases which were renewals or continuations of leases granted by the Federal jurisdiction prior to 1930, October 1st, 1930, which carried a royalty of 5 cents a ton, and the first renewal of those leases granted by the Province thereafter would have been also at 5 cents a ton. Thereafter if the lease was still renewed for say a second renewal, that would have been at 10 cents a ton.

Q Before granting a lease is your Department in touch with the Energy Resources Conservation Board?

A No, we do not get in touch with them for any particular reason for the granting of the coal rights under leases. There is no need to do that at that particular time.

Q Does your Department take any steps to check whether or not there may be reserves in the area or do you leave that entirely up to the person applying for the lease?

A That is up to the person applying for the lease.

Q Would you know if there are any other companies with coal

leases adjacent to those of McIntyre Porcupine?

A Yes, there are.

Q Would you know what those companies are?

A I have filed with the Commission Exhibit which I believe is now 20. On Exhibit No. 19A, according to the, and it would be my exhibit Part B, there are other lessees adjacent to the McIntyre Holdings, and they would be total petroleum -- pardon me, Copton Excol, correction, please. Ltd., and on the south-east portion there was a small lease there held by Manalta Coal Ltd., and on the part of the Exhibit that is marked Part A I believe, the south, towards the southeast, not too far distance from the McIntyre holdings there are leases in the name of Master Exploration Ltd., and farther south, a mile or two south of that, Rock Lake Coal Limited, and over on the eastern extremity, several miles east of the holdings, McGregor Telephone and Power Construction Company Limited has some leases. Basically those are the lease holders of coal rights in the proximity of McIntyre's holdings.

Q Just so we are clear, you are referring to the exhibits that have been marked here as 20A and 20B?

A That is right.

Q And on these two portions the coal leases are shown as the brown areas on the maps?

A That is right.

MR. STEVENSON: Actually, Mr. Martland, it's 20 and 20A.

MR. MARTLAND: Oh, I am sorry.

MR. STEVENSON: Just to make it more difficult.

Q MR. MARTLAND: Is there any particular regulation or procedure set down for the staking of a claim?

A Well, the staking of a claim as such is no longer necessary in Alberta inasmuch as our granting of leases is related to quarters or portions of quarter sections or sections to a maximum of four sections in a lease and they would -- the description of the rights involved in an application is related to what would be survey territory if it is not surveyed. So that we have somewhat departed from the necessity of staking of claims by using the astronomical or some other parameters.

Q So now the procedure is merely to apply for a lease and then if you are granted a lease you conduct your exploration after that?

A That is right.

MR. MARTLAND: I have no further questions, thank you.

MR. CRUMP: Thank you, Mr. Martland. Any re-examination, Mr. Stevenson?

Q MR. STEVENSON: You may not know this, Mr. Holubowich, when were the Copton Excol leases granted, would you be able to tell that from your information?

A I haven't got that information with me, Mr. Stevenson, but they would have been followed,you know, after 1965.

Q MR. STEVENSON: After 1965?

A After 1965.

MR. STEVENSON: That is fine for my purposes, thank you.

MR. CRUMP: Mr. Patching, have you any questions of Mr. Holubowich?

MR. PATCHING EXAMINESTHE WITNESS:

Q Yes, a couple, just to clarify the record, do I understand that the company pays royalties only on the clean coal that is sold?

A That is an arrangement that has been made with McIntyre.

Q This is not the tonnage taken out of the mine but the tonnage that is sent to the customer?

A When it leaves Alberta the royalty is paid on the coal.

Q Now, does the company pay royalties on the middling products?

A On the middling products that are sent to the power plant?

Q Yes?

A No, sir.

Q And since the inspection services have been transferred to the Energy Resources Conservation Board, are they the group that have to answer or provide information about these aspects prior to the transfer of the responsibility?

A That is right, their records with respect to any inspections went with them to the Board, to the Conservation Board.

Q MR. CRUMP: So there is no one in your Department that is informed on these matters?

A No, sir.

MR. PATCHING: Thank you, that is all I have.

MR. CRUMP: Do you have any questions, Mr. Graham?

MR. GRAHAM EXAMINES THE WITNESS:

Q Now it is my understand that the Copton leases are now held in the name of McIntyre Mines, is that correct?

A They are not held in that name, Mr. Graham. They are still held in Copton Excol Ltd.'s name, however, it may be that Copton Excol has made some arrangements with McIntyre for the future development of their leases.

Q MR. CRUMP: But the leases are not in the name of McIntyre Porcupine?

A No, sir.

MR. CRUMP: Thank you, Mr. Holubowich, I think that is all, you can stand down.

A Mr. Chairman, if I might answer your question of yesterday, a metric ton is 2,204.6 pounds.

MR. CRUMP: Thank you.

MR. STEVENSON: Mr. Cronkhite.

ROBERT CRONKHITE, sworn, examined by Mr. Stevenson:

Q Mr. Cronkhite, what is your present position with the Department of Highways?

A Chief Highways Engineer.

Q And as Chief Highways Engineer I gather you report directly to the Deputy Minister?

A Yes, report to the Deputy Minister.

Q Who is in fact the predecessor in the position you presently occupy?

A Yes.

Q How long have you been Chief Highways Engineer?

A One year.

Q And prior to that?

A Chief Highways Construction Engineer.

Q And how long had you held that position?

A About 12 years.

Q And how long have you been with the Department of Highways?

A 23 years.

Q And I take it you are a graduate Civil Engineer from the University of Alberta?

A Yes, I am a graduate.

Q Now, Mr. Cronkhite, the Department of Highways has been involved in the construction of highway facilities in the Grande Cache region, starting back about 1966, is that correct?

A That is right.

Q Now, prior to that time I take it that what access there was to what is now Grande Cache would be provided by using the Provincial Forestry Road and what could perhaps be described as a trail in from there?

A The trunk -- what was classified as a forestry trunk road went from Highway 16 near Entrance to Goodwin on Highway 34 east of Grande Prairie, there is a point called, a river named Muskeg, which seems to be a turning point and from that point into the Grande Cache area townsite and the mine was virtually a trail, which is the part you are referring to as a trail, it is about 28 miles or 23 miles.

Q And that was not maintained by your Department?

A No. In fact none of this was maintained by our Department until about 1966 at which time the southern part which would form a route into the area was taken over by our Department for maintenance. The part from Muskeg north to Goodwin on Highway 34 remained Forestry.

Q And the part which you took over, which you call the southern part, would be roughly from Highway 16 to the Muskeg area?

A Yes. In fact we eventually took over the maintenance all the way into the development of Grande Cache Town. There wasn't

A (continued) much to maintain, it was a trail.

Q When did you take over responsibility then from Highway 16 into what is now the Grande Cache site?

A Approximately, well, it started approximately early 1966 but I can't give you a precise date.

Q Now, the road goes past the present site of Grande Cache right into the McIntyre Mine?

A Right.

Q And did your Department build all of that?

A We built, in 1966, late in the fall, we built the section from the top of the hill which is now the Grande Cache townsite down across the Smoky River including a bridge to the flood plain level on the west side of the Smoky River.

In 1967 through an arrangement of managing a construction project, we built, we managed the construction of a road from there up to the mine site itself. This strictly at the expense of McIntyre Porcupine but we were there and did it for them or, handled it.

Q I understand that the road from the bridge itself to the mine site was built for McIntyre Porcupine by the Department of Highways?

A Right.

Q And it is maintained by McIntyre Porcupine?

A Right.

Q It was public funds however that built the road from the townsite to and across the bridge?

A Right.

Q Now, when was the portion of the road from the townsite to and across the bridge built?

A It started in 1966 in October and went through till about April of the next year, 1967, at which time the grading and the bridge were completed to carry traffic. There was some cleaning up operations but that generally occurred during the winter of '66-'67.

Q It was built through the winter?

A Right.

Q Was there some reason for building it during the winter?

A It was considered to be urgent to get access across instead of a rather precipice trail that existed by another routing. The conditions were such that it was mountain granular material and it was a reasonably good time to build it and it happened to be a very good winter that winter. I think that this was a reasonable operation.

Q The project from the townsite to and across the bridge was built in 1966-1967?

A That is right.

Q And to what standards was that road built?

A It was built to a development road standard, approximately 32 feet in top width with some wider sections going down the hill because of the nature of the steepness of the hill. It is quite a steep hill. Standards on the hill are eight and nine per cent grade so, it is not a prairie design, it is a fairly steep

A (continued) grading but certainly suitable for access.

Q Now, can you tell us how it came about that that stretch of highway to and across the bridge on the river, was built? What information did the Department have or what instructions did the Department have as to the use of that road?

A I don't think I can answer that in detail because a lot of these decisions were not made to my knowledge, or not passed on to us, but, as I understand it, and if I may, the decision was to get access such that both parts of the railwork and possibly parts of the mine work could proceed from the preliminary stage and it was virtually impossible to get any consistent access by the present trails that were in there.

Q Did this road across the river from the Grande Cache townsite also supply access for the crews working on the Alberta Resources Railway?

A Yes, they could work from the west side of the river. I would have to check timing exactly and I don't have that with me here, on the bridge of the A.R.R. across the same river downstream, but I believe this assisted in the work beyond the river substantially.

Q When was the portion beyond the river to the mine site completed, what year?

A It was built, the grading that we undertook for McIntyre Porcupine was done through the winter of '67-'68 -- I better get these dates more precisely. I am sorry, it started in November '68.

Q And when did the road -- when was the road across the bridge --

A Please may I clarify your question. Your question was the piece from the west side of the river up to the mine or from the Town up to the --

Q No, from the west side of the river to the mine?

A That was built in the winter of '68 and the spring of '69. It was a winter project.

Q And the part from the townsite to and across the river was built when?

A It was completed in the spring of '67. There was a trail of sorts across the river that they were using, it was not very good for anything very big.

Q Now, was there some discussion or consideration given as to who should bear the cost of the highway from the townsite to and across the bridge?

A I am not -- I cannot tell you, I cannot answer that question.

Q But it was determined that the portion beyond the bridge to the mine would be built by McIntyre Porcupine, at their expense?

A Yes, and there was a formal agreement entered into with McIntyre Porcupine stating that quite clearly.

Q And I gather that piece of construction cost in the order of $1 million?

A $964,000.

Q Now, can you tell me what the cost of the portion from the townsite down and across the bridge was?

A I don't think I have that broken down. I have that in the cost

A (continued) from Muskeg Corner right through to the west side of the river.

Q I gather at the same time you also started to do work from Highway 16?

A Actually the first sections were between Muskeg Corner, well, this is going back, but it was Muskeg Corner to the point common that would go onto Grande Prairie, into the mine as a separate access to the trunk road.

Q And when did you start work on that stretch?

A '67, in the fall of '67.

Q Now, when Highways started doing any of this work in 1966-1967, to get access into Grande Cache area or the mine site area, was work then underway or then projected on the Alberta Resources Railway?

A Oh, yes, the work was well underway by that time, it was advanced quite a way.

Q And was the work that you were doing on the upgrading of the roads related, in part at least, to the development of the A.R.R.?

A Well certainly maintenance, we took over maintenance because there was a terrific problem of course with the kind of appropriations they had for forestry maintenance, they couldn't handle it so we took it over so certainly this was done in support of building the railway because it was the first thing in there.

Q The maintenance work?

A The maintenance work. The construction work, I would suggest

A (continued) the crossing of the Smoky River west of the townsite was certainly an assistance to the railway building and I think the timing had considerable to do with it.

I might as well make this point clear, most of the railway in the first section north of Highway 16 or Entrance, where the railway started, was built by the time or at least it was well underway by the time we started any serious work.

Q And by the time you undertook your project of bringing the road up to highway standards for movement into Grande Cache, was the railway demand substantially reduced by that time?

A Well we didn't finish the actual grading construction of the whole route until 1972 and the railway had been in operation for some time ahead of that. That might be some measure.

Q When did the railway go into operation in that area, or do you know?

A I can't get the exact date, I think it was in '70.

Q Were you instructed to provide certain services for the benefit of the railway or were you instructed to operate the entire highway, just what was the program laid out into the Grande Cache area?

A I can't answer, the instructions may have been passed on at levels which I am not familiar with. I believe that the only part of the schedule which we may have had some direction in, in timing, which would assist the railway would be from Muskeg Corner to Grande Cache and across the river, because really the

A (continued) / work had advanced far beyond the point where they were relying on the new construction for any sort of service. There was no road in there to speak of at all in that particular section so I believe the timing of it was tied to the railway and mine development and Town potential.

Q Now, had there been some plan for a road joining Highway 16 and the Grande Prairie in around 1960?

A Yes, definitely, there was a lot of exploratory or reconnaissance work done, there was a lot of promotion and a lot of activity for evaluating a connection between Highway 34 at Grande Prairie and Highway 16 as a better route to the West Coast.

Q So that as far back as the early 60's, would there have been some long range plan for some connection between Highway 16 in the Hinton area and the Grande Prairie area?

A Yes, yes, there were.

Q And was this work that you were doing in connection with access into Grande Cache at least in part in furtherance of that long range plan?

A Well, the first part is common. Approximately 66 miles from Entrance to Grande Cache, if you like, is on the route that goes to Grande Prairie.

Q That's to the Muskeg Corner area?

A Yes, to the Muskeg Corner.

Q So I take it that up to 1966, the plans for joining Highway 16 and 43 would not have included the area that is now the Grande Cache townsite?

A No, I think it was in our initial detailed survey and planning reports for the road, itself, the road itself was simply classified as an access road to Grande Cache from the trunk road.

Q The trunk, for these purposes, ending at Muskeg Corner?

A The main road to Grande Prairie, the main route.

Q And for our purposes the trunk had terminated --

A Right.

Q -- at Muskeg Corner?

A Right.

Q And when you undertook the upgrading of the road, that's the portion from Highway 16 to Muskeg, was that intended to carry on as part of this long range projection for a highway connecting

Q (Continued) Highway 16 in the Grande Prairie area?

A Oh yes, definitely.

Q And was that highway the Highway 16 - Highway 43 proposal --

A Right.

Q -- primarily a tourist highway?

A At the time in the 60's, I would suggest it was strictly a forestry management fire protection road. It was certainly not designed for volumes of traffic associated with what we see the tourist industry now. I would suggest it was used that way but it was not designed for that purpose at all, because there was periods of the year it had absolute closure.

Q The long range planning for the Hinton-Grande Prairie connection, to use that expression, was it as a commercial route?

A Both. It was a multi-purpose. The reviews on the transportation department involved all types of use, including the main connection from Grande Prairie-Peace River block through to the West Coast as an alternate for going up to northern B.C.

Q And at some point it was decided that that highway would have industrial standards?

A Well, you can get very semantic about standards on these, the standards of the road has the site lines as sufficient width to eventually, if necessary, put on the type of pavement which can carry all kinds of traffic, industrial or otherwise, so the basic construction standards are suitable for both. But there isn't that, the difference isn't that significant.

Q And was the long range plan to provide a good class of highway

Q (Continued) to accommodate all classes then of traffic between Hinton and Grande Prairie?

A Yes, yes.

Q All right. Was there some anxiety to get the road built from, the McIntyre portion of the road built from the bridge area into the Town, was that done under some adverse conditions?

A Not the, well it was done in the wintertime. I don't think that I would consider that part of the project adverse. I would suggest that the part we built for McIntyre Porcupine was done under very adverse conditions, the coldest winter we can record for some years and it was a tough, tough project, but that was a year later. Certainly, we don't, we wouldn't likely have gone out in the wintertime unless there was some urgency. I might as well be frank about that.

Q Now, the length of the road, I gather, from Hinton to the Grande Cache townsite to the bridge area is 89.3 miles, is that right?

A Yes, that's right down to the bridge, at the west end of the bridge, west of the townsite, west of Smoky River.

Q Where McIntyre then takes over?

A That's right.

Q What was the cost of constructing that?

A $9,766,000.

Q That's to the standards that it now enjoys?

A That's to the standards it now is which is without pavement. It has some oiling for dust control in most parts of the road.

Q There is an oiling program going underway now?

A Yes.

Q That's an interim program, is it?

A Yes, that's a, it's an interim. It's certainly of benefit to the travellers, but it has also saved us a little money in using gravel, so it's not an extensive program.

Q Can there be anything added to the $9,766,000 for current maintenance work or current upkeep?

A Maintenance is average on the whole 89 miles at about $117,000 a year. Now, I have given this figure as the 1972-73 fiscal figure, and the reason I have used that alone is because before that all of the road was not complete, it wasn't reconstructed, so it's really the only fair figure we have on the maintenance of the road in its completed form at this stage, but we would project probably from 110 to 140,000, depending on the snow this year, a year --

Q For the whole 90 miles?

A -- for a year.

Q For the whole 90 miles?

A That's right.

Q And can you tell me what the cost of the portion from Muskeg into Grande Cache was?

A Three million six sixty-five, and that includes the bridge across the Smoky as well as the approach on this side and all the route back to Muskeg Corner including the bridge structures and the railway at the bridge.

Q I take it, Mr. Cronkhite, that up until the time that that road was built, the portion from Muskeg to Grande Cache was not part of the long term connection, connection plan between Highway 16 and Grande Prairie?

A No, it definitely wasn't as far as I'm concerned.

Q As far as the Department of --

A -- the Department of Highways was concerned, it wasn't. All the original projections were on a new route or a modification of the existing forestry trunk road between Highway 16 and Highway 34 up to Grande Prairie.

Q The capital cost to Muskeg Corner from the Highway 16 is a cost that would ultimately have been borne as part of this Highway 16 connection?

A Yes, and I would suggest, I don't know if this is important, but I would suggest that it would have been built, it would probably have been started at approximately the same time probably on a slower schedule, --

Q It was --

A -- and because, in fact when the impetus of the mine and what have you took place, we started at the mine end or at the townsite end and worked back because there was virtually no road in that access for a portion of the --

Q So that as far as the portion from Highway 16 to Muskeg was concerned, it was accelerated?

A Right.

Q The portion from Muskeg into Grande Cache and into the mine site area had never been planned prior to 1966?

A Well not that I know of, but I think we have known for many years that there has been coal in that area, but no planning for it.

Q The road is designed for what kind of loading?

A Well, the present loading is 72,000 pounds, which is the

A (Continued) standard highway, universal loading on all highways in the province is 72, 74. The design of the road would stay at 72,000 pounds. We would have no plans to make a special, we had no plans to make a special road limit on this highway.

Q And I gather from what you said to me earlier, Mr. Cronkhite, you are not able to indicate what factors, clearly what factors made the decision to go ahead and build that portion from Muskeg into Grande Cache, except the mine development and the A.R.R.?

A Yes, I can't, I can't give you, other than that we were directed based on decisions made by the government.

Q And as far as the A.R.R. was concerned, was the general instruction to the department to maintain a highway or a road system to meet their requirements?

A There was a definite relationship between our department and CNR, I believe, or Mannix or both on the maintenance. Above a certain level, they were charging this as a part of a railway cost on that part --

Q For the purposes of the railway --

A -- only on the part from Muskeg Corner into, only on the part from Muskeg Corner into railway works and the Town.

Q For the purposes of the railway, it was a temporary service --

A That's right.

Q -- that they were requiring?

A Just a means of getting the equipment in.

Q There was no need, as far as the railway was concerned, to provide highway access for the purposes of maintaining their

Q (Continued) operations?

A No. Well, I can't --

Q At least as far as you knew then?

A As far as I know.

Q What information did the Department of Highways have as to the plans of McIntyre Porcupine back in 1966?

A We didn't have any, we didn't, as a department, have direct official contact. We certainly discussed many, many issues with them on the timing, as we had to be concerned about timing. We had some knowledge of the potential numbers of people that would live in the Town to support the mining operations which were projections, but we didn't have an official liaison committee type arrangement or a decision making group. It was simply that we were meeting with them for information.

Q And did that kind of communication go back to 1966?

A I would think it was, as far as our department was concerned, it was very significant before probably 1967 or '68 when the timing of this road into the mine was becoming important.

Q You knew about the proposed --

A Yes.

Q -- developments?

A Yes, yes, we knew, we had, we have to use whatever information we can to start projecting possible schedules ahead, so we collect as much information from any source we can.

Q Can you tell me when it was decided and, perhaps, this is simply by the letting of contracts, when it was decided to build a highway as distinct from upgrading the existing facilities that were there, from Muskeg Corner into the Grande

Q (Continued) Cache townsite or into Smoky River?

A In 1966, early, fairly early in 1966.

Q Now the road that now goes through the townsite across the bridge and Smoky River is designated as Provincial Highway No. 40, is that correct?

A Right.

Q Was the portion of the road from Muskeg to Grande Cache built with a view to becoming part of Provincial Highway No. 40?

A No. It had to -- I have to be clear, Highway 40 was a designated route selected for the trunk right through to Grande Prairie. At this stage that is the only portion that was built. Under our appropriation system in the Province Grande Cache is in the improvement district which would mean that if we did not declare that section from Muskey into Grande Cache as a primary highway the maintenance funds would come out of an I.D. appropriation, which isn't quite appropriate for the kind of service that a one town out through very sparsely settled area, and so we declared it all as Highway 40. I think that it will stay as Highway 40 at this stage because -- or an alternate or an access approach which would be classified strictly such that it can have the kinds of funds necessary to maintain it to the standards suitable for the town.

Q So it was declared as Highway 40?

A Right.

Q From a point of view of making the maintenance a general apropos charge --

A Yes.

Q -- rather than a charge on the improvement district?

A I think I should be clear it wasn't the initial intention that

it be Highway 40. Now whether in the future it will stay as Highway 40 leads to a lot of things happening.

Q It could be declared as some other highway?

A But the decision to extend it all the way into the Town was based on taking the maintenance in on the same basis as the rest of the road down to Highway 16 at this stage.

Q So that the maintenance at the moment is principally supported out of general Provincial funds as distinct from a local charge?

A Yes.

Q Does that include the surface of the road as it goes through the Town?

A Right, by policy the Province maintains highways through towns particularly with their primary designation.

Q The paving within the Town though was done by the Town?

A Yes, it was done.

Q And you gave me a figure of $117,000 for annual maintenance and that was for a total of 89 miles?

A M-hm.

Q Of the present surface?

A Yes.

Q And would that be uniform throughout?

A No, not necessarily. I couldn't give you a breakdown except in probably very large mileage.

Q If we took the portion from Grande Cache back to Muskeg which is --

A I can give you some guidance on that or not with information -- yes, in that same year I gave you 117,000, Muskeg to Grande Cache $37,600 of it.

Q Now, if the road is paved what would be the cost of paving the entire 89 miles?

A Roughly six million dollars.

Q And how much for the portion from Muskeg --

A One million six hundred thousand dollars.

Q Is that across the bridge?

A Down to and across the bridge. It's just a stub on the west side of the bridge.

Q That road up to and across the bridge is maintained as a public highway?

A Yes.

Q And now designated No. 40?

A Yes.

Q Now, you said that this was not originally intended as part of Highway No. 40 and it could receive some other designation, that is if the highway were to proceed from Muskeg via another route that might become Highway 40 or would probably --

A It would probably become Highway 40. We have some 28 X's or 28 -- it could be an alternate route as we -- an alternate highway. Generally these apply to something that loops back in so it may just get a number -- it could have a separate designation and still be under Provincial Highway status operation.

Q Well, when we were in Grande Cache much was made of the fact this was designated as Highway No. 40 and we want it explained as to the reasons behind it at the time?

A M-hm.

Q Also we were told that a highway right-of-way was reserved through McIntyre Porcupine's property?

A Yes, very definitely so. When we made the agreement to manage the construction operation of the road from the west side of the Smoky up to the mine and into the mine site we took the opportunity to write into the agreement that the right-of-way would be vested in the name of the Province, the Crown, and protected but that the maintenance and control and costs would, at this stage, would all be with Porcupine.

Q Was that with a view of carrying the highway on?

A It was with the potential possibility of going beyond because there were some people living beyond, some native people who moved above, north of the mine, and it was also in leases of such expanse that this is becoming a rather regular policy.

Q To preserve your right to take a right-of-way?

A Yes.

Q I gather the right-of-way was not actually spelt out?

A It wasn't spelt out. It was spelled out briefly in an engineering plant, let's put it that way, but the legal survey was not done and it may be done soon.

Q The Province as a matter of policy is now reserving rights-of-way in such areas?

A Right.

Q Was there some prospect or problem with respect to serving natives beyond the mine site?

A There are natives in north of the mine site which at this stage have access only back through the mine site.

Q Now prior to the development of the mining industry and the Alberta Resources Railway, there were studies in existence, actual studies by your Department with respect to the proposed Highway 16 Grande Prairie link?

A Yes, well in -- there was no published planning document on it but there was certainly planning studies and topography and physical --

Q Within your Department?

A To repeat, if I can, I don't know if it will be the same, the studies were enhoused, they were not a published formal planning study, the topography, the river crossings and these things were all being reviewed.

Q Did any of these plans contemplate a route through what is now the Grande Cache Townsite?

A No, no.

Q Did your Department have access to the Provincial Planning Board's report of, which is 16 I believe, Exhibit 16, August 1966, the Provincial Planning Office's report which gave population figures, plans for that townsite. I can't say specifically if we have this document in our files or offices but our planning branch went through a great deal of research with all the

Government agencies and I suspect they have. We certainly recognized the population figures in developing the highway standards.

Q If you didn't have the document you are satisfied that your Planning Branch would have had the information?

A Yes.

Q And you did have population figures --

A Yes.

Q And some information as to the plans?

A Yes.

Q Do you have a document that is -- did you bring your project M.P.2 document?

A Yes.

Q In your files, I am not going to mark this as an exhibit, but in your files there is a report dealing with part of the McIntyre Porcupine access road, Smoky River and Grande Cache access road.

A Muskeg into the. --

Q Into the townsite?

A Into the townsite, to the river.

Q And in your historical background as part of that report you make this statement:

> "Japan has lately shown interest in the Smoky River coal. Tests have been carried out in Japan using samples of this coal in the smelting of steel and it would now appear that an export market may be

found for some two to three million tons annually from these deposits."

Do you know where this information came from?

A Not exactly, no.

Q "A Provincial Planning Office report of Grande Cache Townsite, of August 1966, recommended laying out of a townsite suitable for an ultimate population of 5,000 persons."

Would that be Exhibit 16?

A I believe it is, this is what I was referring to, whether we have the plan, we have used the information.

Q And then you go on to state,

"It is believed however that with the completion of these developments,"

Alberta Resources Railway, Calgary Power and McIntyre Mining Operations,

"and existence of the Town of Grande Cache, it will be necessary to provide a highway of arterial standards."

A Right.

Q And this is the report which led to the development of the project from the Muskeg area to the Grande Cache Town?

A Yes.

Q And when was the first contract let on that part, Mr. Cronkhite, can you tell me?

A Well, the first work in the area up to the townsite from the east was in 1967, starting in the area from Grande Cache

Townsite back to Mason Creek, and it was started in October of 1967.

Q All right, Mr. Cronkhite, we were told in Grande Cache last week that one thing that might be done was some upgrading of the existing Forestry Road from the Muskeg area or from the termination of the existing highway. Can you comment on the feasibility of that?

A On its current alignment?

Q Yes?

A It's the cheapest as far as the physical construction costs. It lengthens the distance, of course, to Grande Prairie over the routes which we think are better, which we have reported on. It's out of the recreation area quite considerably more than any route to the west.

Q Can it be --

A It doesn't hit the resources as well because part of the route south of Grande Prairie goes into the pulp and paper, Proctor and Gamble area. It goes into the, a lot of saw lumber area work and also serves a gas scrubbing plant in that area west of the Smoky, just south of Grande Prairie.

Q Could the Forestry Road be upgraded as an interim measurer, is that feasible?

A It's feasible. It's questionable to me, if you are asking for a judgment, that you would go -- you would gain much by an interim treatment as opposed to keeping it in condition and building the road in its rightful place.

Q What standard was it built to?

A None in particular. It was a Forestry Road and I am not -- they shouldn't apologize for this at all. It is a Forestry Road taking the line and resistance taken in the direction of their kind of management problems, high ground, low ground, through the timber berths, and not as a through route.

Q It was intended primarily for the Forestry purposes?

A Yes.

Q Now, I gather that the government has made a commitment with respect to the construction of a highway in the -- now made a firm commitment in connection with the construction of the highway from Hinton to Grande Cache, and in your own studies there is a letter from Premier Strom, from Hinton to Grande Prairie, there is a letter from Premier Strom to the Proctor and Gamble Company indicating the intention of the Government to construct a highway on the west side of the Smoky River, between Grande Prairie and the Grande Cache area to connect with the highway presently under construction from Entrance North. To complete the highway to the gravel stage to the Gold Creek Gas Plant area by the fall of 1973, if possible, and not later than the fall of 1974. To improve the bridge over the Wapiti River and not later than the fall of 1972, and to ultimately pave the entire highway from Entrance to Grande Prairie. Now, you were aware of that statement of government policy?

A Yes.

Q Now, in furtherance of that statement of government policy I gather that this route study, which is marked Exhibit No. 6 in these proceedings, was prepared?

A I believe the route study was commenced before that statement was made, but certainly it was -- it was to clarify our direction in getting ahead with the project.

Q There is nothing in the route study inconsistent with the Premier's statement, is there?

A No.

Q For example, the Premier says to construct a highway on the west side of the Smoky River?

A The road you just referred to a minute ago, the road from Muskeg to Goodwin, which was the Forestry Trunk Road and still is is on the east side of the Smoky River, and as opposed to that the road south from Grande Prairie, which we built now a section to south of Wapiti River including that bridge referred to, is on the west side of the Smoky River, and as far as Proctor and Gamble's interest is concerned they are all west of the river.

Q And all the proposals are west of the river in that area?

A Right.

Q And you don't take that as a commitment by the Government to build west of the river to Grande Cache? That wasn't your interpretation?

A No, it wasn't mine.

Q And the statement to the Grande Cache area, you didn't

interpret that as meaning going through the Town?

A No.

Q And when the Department prepared this route study they were, by the time they completed it, aware of the Premier's letter?

A Yes.

Q Now, you have done a study which is in that document which I have just been referring, called a route study which compares three projected routes?

A Right.

Q And during the course of your study you rejected one of them?

A The middle route was rejected because of the very very rugged cross-grain problems of the mountain ridges.

Q And so it came down to two routes, one of which I think was designated as number one, which would be for the purposes of our discussion the easterly route, and number three which was the westerly route through Grande Cache?

A Right.

Q And if it went through Grande Cache it would use the existing Highway 40?

A Yes.

Q And you have compared in that report the different capital costs and the different annual costs for the two routes, is that correct?

A Yes.

Q Now, we are familiar, and the Commissioners all have copies of that document, but perhaps, Mr. Cronkhite, you can indicate

briefly the Department's recommendation and the main points of the highway?

A The Department's recommendation has been on what is designated on route 1 on this report. The primary recommendation is that this route provides the best balance for all of the transportation we foresee using this road. In the selection of the road of this type or any other one we are very concerned with the cost to the user, the cost to the person receiving services as well as the service enroute and if we take mileages alone the cost to the users go up quite considerably if we divert to the west route, which is route 3, which goes through Grande Cache.

A (continued) Additionally, the capital costs are considerably higher, somewhat in the range of $7 million higher by the measures we have at this stage on the route which is more mountainous on the west going through Grande Cache townsite. Additionally there are some very severe switch-back areas which would require very tight alignment in our view and a lower standard for a multi-purpose type of road.

There have been lots of other features discussed in these reports, such as the environmental effect and the encroachment into wilderness areas and this sort of thing but I think our basic decision to recommend the route one was on the transportation part of it, the over-all use of the road, whether by tourists or by industry or by people simply using it as a way to get to Highway 16 or Highway 34 on route to the west or to the east. I think it was on this basis primarily that our decision was made.

Q Now, you indicated a cost factor of roughly $7 million in the initial capital figure?

A Yes.

Q How much would it cost to pave from Muskeg Corner to Grande Cache itself?

A Approximately 1.6 million.

Q So that if the ultimate plan were to build route one and pave it --

A Yes.

Q -- and also pave the access into Grande Cache, the capital

Q (continued) difference between the two routes would be in the order 5.4 million?

A Yes, on these estimates, yes.

Q Are those today's figure estimates?

A These estimates were as at the date of this report. We recognize they have to be conditioned with inflation. These will have to be conditioned to the inflationary costs once the project is launched to the point of construction. They will go up. But, relatively we think they are fairly accurate, relative, one opposed to the other.

Q This is a study for the purposes of the Department of Highways, the questions of the priority of this work are decisions that have to be made not by your Branch or Department, those are governmental decisions; and you made some calculation or some assessment of the user costs, how is that arrived at, how do you do that?

A Well one of the factors, the main factor is the cost of extra travel in miles, it costs so much a mile on the average to run a vehicle and so much a mile distribution costs for shipping materials, and this sort of thing. So, these are the main parameters. There is a slight allowance for a man's time in travel but primarily these are the factors which go into determining user costs. It is the extra cost of operating, the extra mileage and, we haven't accounted for stiffer grades or anything else.

Q You say that the route through Grande Cache gives it an extra cost to the user?

A That is right, we are not just talking -- we have done -- there are parameters and means of sorting out those who would like to go to Grande Cache on a factoring basis, so it isn't just the through movements that are oneway, you have to balance, there are some plusses for extra distance as well so it isn't quite just a mileage difference.

Q Is there a figure for annual maintenance costs?

A Yes, about $49,000 a year increase; it is additional mileage. We have anticipated more snow problems but we haven't applied much of a factor to it of the more westerly route.

Q Would the westerly route be more difficult to maintain?

A Yes.

Q Would the portion of it north of Grande Cache be the more difficult to maintain?

A Yes. In the area north of mine site as we get out and along the Smoky River, it was difficult building a railway in there too, there is some real rugged country and some real snow.

Q You indicate in your report that there is a part of the road that would be difficult to build on the westerly route to an acceptable standard? Is that right?

A Within ranges of region of spending money, unless you go to tunnels. Some of the switch-back curvature would be very, very sharp and some very steep grades.

Q You indicate you have to lower the usual standard to accommodate that westerly route?

A Yes in applying practical measures you wouldn't just go to the expense of straightening it out with tunnels.

Q What is the difficulty in that area?

A Topography.

Q No, are you up at some height? Would the highway be at some height in that area?

A Well, you are further into the mountains, you are into the valleys and the cross-valleys coming out of the mountains, much more so on the western route.

Q You can't follow the rail line?

A You can, you have got to be above them and you have to be into the rock. There is a lot more rock work, no question about that.

Q On the western route; it is not one of these areas where you can build alongside the railway?

A I wouldn't want to in some of the areas.

Q You are afraid you wouldn't keep the highway in?

A No, you are talking about two different concepts. There is quite a considerable different concept in railway because of gradients, the freedom of gradients is different but also with the kind of topography to take advantage of economy, you are going to put in sharp curves to go around a lot of the rock points rather than straighten out and go through them, this is the kind of thing, you reduce standards, but you still have relative high

Q Now, in highway studies generally I take it that no attempt can really be made by you to justify the construction you propose on an economic basis? You can't say this highway will produce this much revenue, that is not part of your planning?

A It certainly is part of the preliminary plan but to be very, very exact and quantitative, you have a hard time.

Q Well, was there any attempt made by your Department to quantify the economic difference to say the community of Grande Cache having regard to the increased costs that would be involved?

A No.

Q Can that be done?

A We think not from a judgment standpoint, to say that so much extra tourist money will be left in Grande Cache or whatever, it is pretty difficult to be very exact on it.

Q Does it come down to a question of the value to the tourist trade of the highway passing through the Town?

A Yes, I would think so.

Q Because as far as access to the Town itself is concerned, route number one will provide reasonable access at less cost?

A Route number one will not only provide reasonable access at less cost, it will provide the shortest route between Grande Prairie and Grande Cache. This is something, unless you look at the very great number of switch-backs and, they don't show up very well in the scale of some of the plans, you don't get a picture that it is actually longer via route three from the townsite of Grande Cache to Grande Prairie than via route one and then using

A (continued) the approach in.

Q But I understand from your report that it would in fact be shorter to Grande Prairie to take route one and upgrade or pave the access as the case may be than it is to take route three, is that right?

A Yes.

Q And from the point of view of the construction problems you have indicated, would your average mile per hour speed be less on route one, or on route three?

A Oh yes, in the part immediately north of Grande Cache, or north of the mine. I don't know how significant it is though.

Q Is it possible within your experience to try to quantify the tourism value from the highway passing through the Town?

A I don't think it is our Department's function to try to do this. We use the people in the tourism business to give us this kind of information and it is very difficult from any exercises we have tried in this whole area of evaluating recreation, to put a dollar value that we can quantify with costs. Costs are much simpler if you put a number on them.

Q There is no doubt that the westerly route is more scenic?

A I think we would say that as well. Some people question it, but we would say that.

Q Well, route one, is it through, the easterly route, is it through foothills?

A More so by far than, certainly the north end isn't that much

A (continued) different but more so by far than route three. Route three gets into fairly substantial --

Q And I understand this highway link from Grande Prairie to Hinton would ultimately form part of the highway route through the eastern slopes?

A It is, in the language that is going on in the country now, it is part of it. Certainly it is all the way from Coleman right through to Grande Prairie is discussed as being the eastern slopes area in this province and I believe it is.

Q Hasn't there been a long-range plan of the government, and of course that goes back a long way, to build a highway parallelling Highway 2 along the eastern slopes of the Rockies?

A There used to be an Eastern Slopes Authority which dealt with the area of the Kananaskas and I think it strictly dealt with that as far as that particular authority but certainly the road, in similar country, all the way along the eastern slopes right up to Grande Prairie.

Q Wasn't that intended primarily as a tourist highway?

A Yes, I suspect it was. It has grown up like polly I would say, it was mostly developed as a forestry road, a protection and management road.

Q And can you say whether as between route one and route three, either of those is more consistent with the long-range planning of the southern part?

A I couldn't measure the difference between them as far as that concept but I think they would be equal and would fit that

A (continued) concept.

Q You think they would equally serve the concept of a highway parallelling route two?

A Yes. I would like to make one further comment on that though, I believe there is a further impetus on that particular section from Grande Prairie to Highway 16 in that the system of highways in the province has left a great gap of primary highway, or lack of primary service in this area and I would suspect that without the title of Eastern Slopes Road or without the support of that concept that it would go ahead as a link on its own. It has been considered as a link on its own far ahead of many of the other sections.

Q That is to give Grande Prairie and the Peace River area a more direct access to Highway 16 West?

A Yes.

Q So that it might as well carried on its own?

A Yes.

Q Now, would it be fair to say that route three was -- route one, rather, was a foothills route as compared to a more mountainous route, route three?

A Well, route one isn't out in the flat foothills or prairie, it is rugged country as well but it is certainly not mountainous. It is more foothill country.

Q What about service facilities along the highways, do you plan those in or do you look upon private enterprise as providing those?

A We don't develop them. We never have become a developer except for campsites which are non-charge campsites at this stage along highways and we have a rest area or two that we develop as a stopping point, but as far as anything involving commercialization, motels, these are generally in the private field. The Department though has quite clear regulation as to where they may be specifically because of topography and access and this sort of thing. Some spacing conditions so we don't get a continuous strip, setbacks and conditions of that nature, but we don't lay out a plan from end-to-end of the highway and say these are the spots which you can go and look and the only spots and the acceptance of spots which fit in with the criteria of highway operations.

Q What is the over-all length of the Hinton-Grande Prairie proposed highway?

A About 130 miles right through, depending which route you take.

Q And would you see yourself as having to require some service facilities on that length of route?

A As a government? I don't see the government should provide it.

Q As a Department, from the point of view of past experience or judgment? Would you expect service facilities to develop along that route?

A Yes, you would expect them to, fairly widely spaced I would suggest. There is a provision in regulations where this can be taken, you can take a specific highway and have it done by plan and regulate the exact spots but this couldn't very well fit a

A (continued) case like this.

Q And is it possible within the existing framework to regulate that development so that no facilities to compete with Grande Cache would be permitted?

A I believe it is within the purview of the government to do that. I would like to say that the regulation as it now stands is aimed at attempting to keep a lot of commercialization in towns where they are being by-passed. We are very, very stiff on Highway 2, for example, which is a freeway and you will notice nothing has happened between Leduc and Lacombe. If they are allowed on a highway they are also allowed only at considerable distances away and I think the case of Grande Cache could be one that could be justifiably controlled. You may have to have some emergency services, gasoline and such.

Q So that the economic spin-off from this highway, as far as stopping-off services, if I can use that expression, could be directed to Grande Cache even if it were at the end of the surfaced road?

A I believe this is certainly possible to do it.

Q How long is the piece from Muskeg into Grande Cache?

A About 22 miles into the Town.

Q Is it possible to quantify the value of that kind of business, the business that is attracted as it passes through?

A It is possible but it requires specific study. We call them origin destination studies, you check every passenger and every vehicle and ask very precise questions, and it certainly

A (continued) hasn't been done in this instance and likely you would have to speculate a lot on the results at this stage because you don't have much of a road north of Muskeg Corner.

Q So it would be sort of a survey operation?

A Yes.

Q Are they reliable?

A They are quite reliable, the most reliable method is the origin destination study.

Q But you have got to have the highway there first?

A Well, you have part of it but I think you would have to recognize it.

Q Is that kind of business the business that attracted, that attracts highway users to stop in and get services? Is that a productive type of business to the community?

A Well, I wouldn't want to be extending judgment on that. Certainly, the people supplying highway service type, strictly highway service type of services are motels and this sort of thing. I suspect that it's quite clearly of benefit to them.

Q In your submission, in your brief, rather, that you prepared for your own department, in answering some of the comments that were made by others, you said on page 18 the department said "That it would be extremely difficult and risky..." I am paraphrasing "... to calculate in dollars the probable returns due to construction of this highway that's economic justification for either route."

A M-hm.

Q You say, "If there is a justification, it would appear that it must be based on tourism and the boost such a highway might give to possible development of new industry in the area. It's questionable whether this type of development road through an area not presently accessible by road can normally be justified on sound dollars and cents." Is that a fair statement?

A Yes.

Q It might be considered as a calculated risk by government to provide a service in an area seriously lacking such service?

A Yes.

Q And do you, yourself, agree with that kind of general statement in this case?

A Yes, yes.

MR. CRUMP: I think, Mr. Stevenson, that this might be an appropriate time to take a fifteen minute break.

MR. STEVENSON: Thank you.

(Hearing adjourned at 11:00 a.m. and resumed at 11:25 a.m.)

Q MR. STEVENSON: Mr. Cronkhite, do we know where, in the order of priorities, this highway development stands within the department or within the, just governmental decisions at the moment?

A Now?

Q Yes.

A We have projections on the, starting of paving on the Highway 16 end starting at Entrance at Highway 16 and working north, and over the next few years, we have projections which extended project of about 12 to 15 miles at a time north towards Muskeg, but none in this five year period other than oiling between Muskeg and Grande Cache.

Q What five year period? Do you mean five years from now?

A Well actually it started last year, but in the five year -- I could read these projections if you want them as they are.

Q All right, you can give them to me. This is existing policies --

A These are projections and they would take reconstruction. On the way up to Muskeg starting from Highway 16 you would, by 1976, we would be to the Berland River, which would be

A (Continued) approximately 36 miles north of Highway 16.

Q Berland is B-e-r-l-a-n-d?

A B-e-r-l-a-n-d. By 1978 we would reach Muskeg Corner, which is another 30.2 miles, and that's as far as the projections have been made.

Q And, of course, you haven't made projections for the construction of the grade beyond Muskeg at this point?

A We have, as you know or maybe you don't, we built starting from Grande Prairie south, this impetus for this really being into the area immediately south of the Wapiti River south of Grande Prairie where the resource work is going on there and, in fact, at O'Brien Park is just south of Wapiti River, we have built 9 miles, we have it paved now to the south of Wapiti River. We have cleared a right-of-way for an additional 12 or 14 miles, 13.99 miles.

Q And that's common to whatever route you're going to use?

A That's right.

Q And the impetus up there was partly the Proctor and Gamble development?

A Right. The provincial park as well.

Q And is there any of the development of the grade between Muskeg, however it goes, and the northern end of Highway 40 in the next five year planning?

A There has been some tentative projections made, but there is nothing been firmed up north of Muskeg, but if, if the decisions bade by government are to proceed, I would suspect that we would project from the Muskeg area or from wherever the southern terminal is north at the same time we would be

A (Continued) working south. We have collected more engineering on the southern end.

Q Was there any, is there any record in the department of any government commitment with respect to that highway, before Mr. Strome's letter to Proctor and Gamble, indicating the exact route that would be taken?

A No. I don't think that, I don't consider the letter of Mr. Strome's as indicating an exact route. I think the main decision at that time was that we were not going to simply use the Goodwin Road east of the Smoky River as access to that zone.

Q And there is no record of any promise or assurance by the Department of Highways that Grande Cache would be, pardon me, that a highway would go through Grande Cache between Highway 16 and Grande Prairie?

A No, I have never seen any --

Q -- any such --

A -- any information on it.

Q And no record of inquiries by people proposing to develop in the Town or anything like that?

A Not that I am familiar with anyway.

Q Not that appears in the files you have seen either?

A No.

Q I would like to clear this up, Mr. Cronkhite. When we were talking about the additional cost, the approximately seven million dollars, is that starting from what we've got now?

A Well, this is strictly based on the route from the Wapiti River

A (Continued) where we built to south, the difference in that section, whichever route is chosen.

Q That is, you take into consideration you have already allowed for the fact that part of the highway to Grande Cache, from Muskeg to Grande Cache is built, that is, these costs are over and above that part that's already there?

A It's the difference, it's the difference between linking Grande Prairie to Muskeg Corner which is common on the way down to Entrance, whether you go down through Grande Cache and back or down to Grande Cache, or down to Muskeg directly.

Q All I'm saying is that when the cost figures were given, you were working from what was already there?

A Oh yes, yes, right.

Q You haven't included as part of the seven million dollars the cost of building what's already there?

A No, no, no, absolutely not.

Q These are additional costs, in fact?

A Because in either case you need it as an access or you need it as a main -- .

Q But the seven million dollars is an additional cost?

A Is an additional cost.

Q Now, would you tell me when the first work was done in connection with the linking of Highway 16 and the Grande Cache townsite or mine site when the first work was actually carried out?

A The first construction started on October 12th, 1966 and that was from the townsite, as it turns out, west down across the river.

Q The date again?

A October 12th, 1966.

Q So there was no work done, no work done until sometime after the information that was referred to in the Provincial Planning report was available, Provincial Planning Report August 1966?

A Yes, I wasn't sure of the date so I didn't want to answer that.

Q August 1966?

A Yes.

Q In the original highway study, which we marked here and we both referred to and you have in front of you, it's Exhibit No. 6, you're careful to point out, and I am looking at page 1, Roman Numeral I, right at the introduction, right at the beginning, that your studies don't attempt to determine which route can be economically justified?

A No.

Q I was interested in noting on the third page of Roman Numeral the comment about effects to the environment from construction. Detrimental effects measured at least one point six times greater than, on route 3 than route 1. This is some calculation that the environmentalists make, is it?

A I hate to get into this because we are in it all the time, and seem to be on the other side. They have a system now, they have a plus and minus system of devaluating the effects of development, roads on the environment which can be related to the effect on fish and wild life, stream crossings, erosion possibilities and siltation, cutting down trees, a variety of things, and they put them in and totalled them up and come up with a number, and it's a number as a guide. The absolute number doesn't mean that much but in comparing one route against

another means something.

Q I suppose that there are times when it is clear that their attitude is that there shouldn't be a highway at all?

A Oh yes.

Q What is the sort of -- is there some basic problem in route 3 from the environmentalist point of view, or is it just a question of the intensity?

A I think it's the desire generally of preserving an area from the infiltration of a lot of people to some extent. I hate to try to evaluate their views on this area.

Q I won't ask you to try to justify them, Mr. Cronkhite. And you do acknowledge in the report, the Department acknowledges in the report, page 19, that route 3 would direct the traffic through Grande Cache and would benefit the Town particularly businesses orientated towards the highway user? There is no doubt about that?

A No.

Q It's just a question of whether or not it can be quantified? On page 13 of the comments towards the end, we will just look at my copy, the Department of Industry and Commerce noted that it is a new road system with no apparent consideration for the relationship to the existing trunk road from Coalman to Grande Prairie, and the trunk road is the Forestry Road?

A That's right.

Q And in your comment you say that the relationship to the present trunk road from Coalman to Grande Prairie is obvious in that the trunk road is considered to be the initial stage

of a future paved foothills highway, is that correct?

A Yes.

Q And what you are saying is that here your proposing in any event some deviation --

A Yes.

Q -- from the initial stage of the future paved foothills highway?

A That's right. I think in addition to that many of the sections of the foothills road, as it now exists, all the way up along the eastern slopes of Alberta, will be modified. Maybe not to the degree of this one, the degree this one would be.

Q And you said earlier this was not a solely recreational highway particularly this link?

A No, it was originally considered primarily as a connector between the major Peace River area and the Grande Prairie zone through to Highway 16, the main link to the West Coast through Alberta.

Q But the foothills highway as a totality had a tourist or recreational --

A Yes.

Q -- bias?

A Yes, more so.

Q Now, it's true I take it, Mr. Cronkhite, that when this report was prepared there was no indication of any particular economic concern in Grande Cache that the highway go through it?

A That's correct, it was not based on what appears to be the question of Grande Cache, no.

Q And that introduces a new dimension to some extent?

A I would think it would. I am not sure how it would effect the decision made or the recommendation made.

MR. STEVENSON: Those are all my questions, Mr. Cronkhite, but you are not finished yet.

MR. CRUMP: Mr. Martland, have you any questions of Mr. Cronkhite?

MR. MARTLAND: I have no questions, sir.

MR. CRUMP: Mr. Graham?

MR. GRAHAM: No, I have no questions.

MR. CRUMP: Mr. Patching?

MR. PATCHING: Yes, I have a couple.

MR. PATCHING EXAMINES THE WITNESS:

Q Do I understand, Mr. Cronkhite, that the road from the townsite of Grande Cache down to the bridge was built through 1966 to the spring of 1967, and then that the road from the bridge down to the mine site did not begin until November of 1968?

A Yes.

Q That's about a year and a half delay?

A About a year, it's from the spring, the summer till the next winter. A year, yes.

Q Why would that delay have taken place?

A Well, the main thing was to get an access across the Smoky River without following along the Smoky River on a very very high steep bank for a considerable distance downstream, and the main thing was to get across the river, and they were -- there were

benches and trails that they could use on the west side of the river for their real preliminary work I suppose.

Q So there was work going on --

A Yes.

Q On the west side of the river even though this road had not yet been built?

A Yes, in fact the old trail was being used to move some pretty big looking stuff before this.

Q So in that interval before November 1968 the mine was bringing in equipment --

A I can't be specific as to what it was moving in. I know there was material being moved in.

Q Now, regarding this Forestry Road that exists between Muskeg Corner and Highway 34, can you tell us who looks after the maintenance at this time?

A The maintenance, the lower end is no longer, the south end from Entrance to Muskeg Corner is no longer a Forestry --

Q No, it's --

A It's another highway, and the rest of it is being maintained by Forestry.

Q Through the year, through the entire year or just the summer?

A They have a condition in their operations where they don't have to maintain it except for the purposes of managing it for Forestry. So they do have areas, times of closure if they don't have any equipment in.

Q Does the Highway Department have any responsibility for that

road at all then?

A Not at this stage.

Q I see, and perhaps this has already been asked, but you could refresh us, do you have any measures, or any estimates of the amount of traffic that would develop on a Grande Prairie to Highway 16 highway if that were built and connected, and whether, what proportions would be tourist, and what proportions be business, and what proportions would be, of traffic might be local, do you have any idea how traffic --

A We have but I don't have that information with me, but these are some measurements of the actual traffic, much of it being projection, and I don't think we have any breakdown.

Q MR. CRUMP: You wouldn't have any estimates then of what amount of traffic might be developed for tourism if a connection were made into Grande Cache?

A I couldn't -- I couldn't offer anything real here today.

Q MR. PATCHING: Another question, as I remember from the highway study report I believe that haul roads for the pulp operations were going to be developed along the general area of route number 3, so that ultimately there would be an interval of perhaps only 15 miles between those haul roads and the mine site area north of Grande Cache, is that correct?

A I am not sure of the southern terminus of Proctor and Gamble's haul road system would be that close to the area, but the haul road system was to be developed because an analysis of combining the operation on this trunk road when built showed that the

economics for the kinds of loads and the kinds of conflicts couldn't be justified on one road. They would be better to have their own. As far as it being used as another way of access I couldn't say, they would be very disjointed roads I would think.

Q Can you just -- can you use part of the highway system for a haul road for a pulp operation?

A Within the limits of weights, dimensions permitted on the highway, yes, but most of these industries wish to have much heavier weights. Particularly in wintertime which can be the main harvest time and widths in particular up to as high as 14 feet which we couldn't accept generally on most of these roads, so --.

Q So would you have to have a public highway system generally separate from the pulp haul roads even if they were in the same general area?

A To a considerable degree, yes, they wish to do it this way. Northwest Pulp and Power for example in the area south of Muskeg wish us now to consider some haulage on our present road, and these are being considered at this stage, and no decisions made.

Q Would there be any chances then of utilizing haul roads to develop a public highway down along route 3 and so reduce the overall costing of the development of Highway No. 3?

A I doubt if you attempted to handle the size and weights they wish you would have to have enough width and enough structure

to your road and your bridges that it may be questionable whether you could get an economical balance. Our information so far and the reviews we have made with Proctor and Gamble have led them to feel that the best economics was a separate road system.

MR. PATCHING: I see, thank you.

MR. CRUMP EXAMINES THE WITNESS:

Q Mr. Cronkhite, I have only one or two matters I would like to clear up for my own information. 72,000 pounds is the load limit on all highways in the Province I take it?

A Yes, we have a 2,000 pound tolerance which becomes part of the load, but that is what it is.

Q So going west from Edmonton on the main highway route 16 and then turning north at Hinton on 40 you would still have that 72,000 pound limit?

A Yes.

Q There has been a good deal of discussion about this route 3 in the study going up the west side of the Smoky. Looking at the very excellent official map, Highway Map of Alberta, 1973 edition, insofar as route 3 is concerned there is a crossing of the Smoky west of Grande Cache and there is a crossing on the Wapiti south of Grande Prairie already in play?

A That's right.

Q But as I understand from reading the report and your testimony, route 3 while it might be in the more scenic section of the territory would have to cross a number of rivers and creeks?

A M-hm, yes.

Q And that automatically, I think you didn't stress it, but it automatically would need severe gradings between those because they run roughly southwest to northeast, and this would increase the gradient and curvature that you were speaking of on a route west of the Smoky?

A Yes.

Q In fact I think you went so far as to mention switchbacks?

A Yes, I mentioned switchbacks. People describe these in different ways but they go right around and come back again.

Q MR. PATCHING: Would you not also have to have about the same number of river crossings on the alternate route number 1?

A You have but -- yes you have about the same because you are in the same general drainage area, but the topography and the lead up to these crossings is much less severe, more open area.

Q MR. CRUMP: As a matter of fact, Mr. Cronkhite, judging from the road map what is designated here as the Forestry Trunk Road from Muskeg River to a point about 30 miles east of Grande Prairie, shows very little river crossing until you're just south of Highway 34?

A Yes.

Q And the Simonette River apparently has to be crossed, but I would judge from this map the crossings would not be nearly as extensive or as expensive as on the west side?

A The Forestry Trunk Road you refer to would be much or a road

in that vicinity rebuilt would be much less costly than route 1 or 3, much less costly than either one of them.

Q In that vicinity?

A Yes.

Q Another point that was developed in your testimony, the facilities, I think Mr. Stevenson questioned you on this point, the facilities that are allowed alongside of the highway in this province, and you said that the distance between the facilities, set back and so on, were regulated by your Department?

A Yes.

Q Do you set any standard or to your knowledge does the Government Department set a standard as to the type of facility it should be?

A The Department of Highways and Transport have a condition that the type of facility along a highway must be highway commercial. There are instances where some kinds of industry, particular zoning or zoned areas can go in but basically those along highways must be highway commercially orientated, motels, restaurants, supporting service stations sort of thing.

Q I had more in mind, Mr. Cronkhite, the standard to which they were built?

A The Department --

Q This varies greatly between province and province in Canada?

A The Department of Industry and Commerce have standards and certainly the Department of Health has some very strict standards --

Q I see.

A -- but we, while we become involved in the permit issuing and what class of thing because of the highway they involved themselves in the standards and they are pretty high I think.

Q Another point, that was presented to us in testimony at Grande Cache was that if this highway should be built from Muskeg River, or what you have been calling Muskeg Corner, say north along the Forestry Trunk Road, it leaves a stub end of approximately 20 miles from Muskeg River into Grande Cache, and the point was made that inevitably there would be a development at Muskeg Corner and that this probably would not be economic nor desirable certainly from the viewpoint of the Town of Grande Cache, but that the experience had been where you had a stub end of a highway, some development took place at the junction which might not be desirable and indeed detract from the Town of Grande Cache. Would you have any opinion on that?

A Well only that the -- up until, I am not sure what day, but there has been a small kind of commercial development at Muskeg Corner for years. I would suspect that there would certainly be the desires on the developers' points of view to develop there because it is kind of a junction point even if it is just -- even if the old Forestry Road simply continues north because tourists do travel on it, but I think it's within the Government's prerogative to have it not developed if they decided not to.

Q I see. Another point this environmental damage that you were questioned about as being one point six times worse on route 3 than on route 1. This is merely a relative reading provided

the basis are the same in both cases?

A It's just a relative number, the absolute difference doesn't -- I don't know how you add up fish and miles of pavement and balance them frankly.

Q Another point on your, there was a question on user cost of the respective routes 1 and 3, and you indicated that the additional miles would add to the user cost on route 3, and that perhaps a minor matter of the value of a man's time, but if that territory west of the Smoky is as rugged as it would seem to be indicated, and I have no personal knowledge of it. Mr. Graham and I did drive over the territory to Grande Cache but we --

A Yes.

Q -- weren't north of Grande Cache, if it is as rugged as indicated and gradients require switchbacks, get into much sharper curves, all the difficulties of crossing over mountain ranges, then that would also add to the user cost because of the gradients and particularly commercial vehicles would have to use third or fourth gears to get over the gradient. So would that not add considerably to the user cost?

A I think the difference we have come up with is a very fair difference, that in looking at the country with the topography, the contour plans and the things that we have checked, that it could be higher but I believe that the figure is fair.

Q Well putting the matter succinctly from your evidence, Mr. Cronkhite, I would judge that you feel that while the westerly route number 3 might be more scenic from the tourist point of view that from the viewpoint of sheer transportation of gettin

from Point A to B route 1 would be perfect?

A Yes.

MR. CRUMP: Thank you very much for coming, Mr. Cronkhite. Stand down, please.

MR. STEVENSON: Thank you, Mr. Cronkhite.

(Witness retires.)

MR. STEVENSON: Mr. Menzies.

GILBERT DOUGLAS MENZIES, sworn, examined by Mr. Stevenson:

Q Mr. Menzies, I understand you are the director of administration for the Provincial Department of Public Works, is that correct?

A That is right.

Q And how long have you held that position?

A Since 1965.

Q And I gather you have been with the Department since 1954?

A That's correct.

Q And you are responsible within your purview, are the records of the company -- of the Department insofar as expenditure and operations are concerned?

A That is not entirely correct.

Q All right, you have -- let me go back on this. What control, I shouldn't say control, what recording is done in your Department so far as the expenditure of the Department is concerned?

A Within my branch you mean?

Q Yes?

A No recording at all. The recording for expenditure is in the

purview of the Departmental Accountant, the Director of Accounts Branch.

Q And for the purposes of this inquiry that we've put forward you have been assigned to get that information?

A That is correct, yes.

Q Now, were you asked to determine for us what the Department of Public Works' capital expenditure in the New Town of Grande Cache has been to date. Can you give me that?

A I can produce that for you in written form, Mr.Stevenson.

Q Yes, please. You can give us the total, it would be sufficient, Mr. Menzies.

A I have broken it down in several totals, Mr. Stevenson. Under the different appropriations that are involved. There are three appropriations, the numbers are 2610, 2683, and 2682. Would you like me to explain --

Q Yes.

A Appropriation 2610 is the maintenance and operation of our building facilities. Appropriation 2683 represents expenditures for furnishings and equipment, and appropriation 2682 is described as sites and construction, which is the construction.

Q And the 2610 is an operating figure?

A That's correct.

Q And the others were capital --

A They are capital.

Q What is the capital expenditure to date then?

A The total of capital that is under appropriation 2682, first

of all from 1969-70 fiscal year to date is $1,116,613.32. That is for sites and construction.

Q Would that be basically in the Provincial Building?

A That's the Provincial Building.

Q And 2683 --

A 2683 has a total of $13,303.37. I should add these are figures which have been assembled in the Department previously and have been included in the public accounts of the Province.

Q MR. CRUMP: Mr. Stevenson, this is for the Provincial Building, all three appropriations apply to the Provincial Building?

A That is correct, Mr. Chairman.

Q MR. STEVENSON: And the appropriation 2610?

A There is a total to date of $120,863.82.

Q The last two years, 1971-72, '72-73, those are 44,000 and almost 47,000 respectively?

A That is correct.

Q Does the Government contemplate any further capital expenditure within the purview of the Department of Public Works?

A There is a small item in the capital estimates for the current fiscal year for building a small tractor and gasoline storage building, a modest figure of $2,100, none of which has been spent to date.

Q None of which --

A None of which has been spent, no.

Q And there is no other capital expenditure?

A There is no other capital expenditure contemplated.

Q Now, would the only money that the Department is spending by way of, what I call expenses of operation is in the appropriation to which we have already referred, which gives an expenditure in the last couple of years in the order of $45,000?

A That's correct, yes.

Q And is it contemplated that type of expenditure will continue?

A If it is assumed that the building will continue in operation then certainly there must be ongoing expenditures and I have projections for the next two years if you are interested.

Q Which are what?

A In total for '73-74 projected $43,510, that of course is in the year that we are in right now. By the end of the fiscal year we anticipate that figure will be expended and projected for '74-75, a figure of $50,000.

Q That's for maintenance, utilities and caretaking?

A That's correct.

Q Now part of that building is occupied by the New Town of Grande Cache?

A Yes.

Q And I take it that a rental is charged for that?

A Yes, there is revenue.

Q What is that revenue charged to the Town?

A I can give you a figure of rents paid by the Town from the period of September 1, 1970 to May 31 of 1973, that represents 29 months of occupancy at a figure of $3,364 per month, which

gives a total of rent paid of $90,828. That's from the Town --

Q $3,364 a month?

A That's right.

Q And the Alberta Liquor Control Board?

A Again for the same period, approximately 27 months at $700.08 per month to a total of $18,902.16.

Q And are those economic rents that are charged to those two, the Town and the Liquor Control Board? Can you tell how they are arrived at or?

A No, I couldn't tell you if those are economic rents, Mr. Stevenson. I believe that they would be based upon the, an assessment of the kind of rental figure per month that would be established for a similar commercial building in a comparable area.

Q Now, Mr. Menzies, the province makes a grant to the Town in lieu of taxes?

A Yes.

Q And how much is that per year?

A Yes, for the period from January 1st to December 31st, 1972, there was a grant paid in lieu of taxes for a total of $33,242.44, the billing for the grants for the year '73 have not yet been received.

Q In one year, January 1st to December 31st, 1972, that was $17,052?

A Yes, I am sorry, I am misreading the figure, $17,052.94.

Q So that in addition to other expenditures there is a grant in lieu of taxes?

A To the Town.

Q In connection with that building?

A Correct. The material which I have, Mr. Stevenson, does give some detailed breakdown of the terms of the lease rates and so on which may be of use.

Q I don't think that we require that.

A You were asking about the, if these were economic rents; this would give you the supporting figures.

Q $3.10 per square foot?

A Right, that is the lease to the A.L.C.B. and it appears to be the same rate per square foot per annum to the Town, $3.10.

Q Now, there are a number of provincial government services in that building but they aren't, of course, charged a rental?

A No, we have no system for charge-backs to the Departments.

Q Only the Town and the Alberta Liquor Control Board?

A That is correct.

Q When that building was planned, Mr. Menzies, how would the Department have obtained information as to the requirements for space?

A The usual procedure is for the Department to make contact with all other departments of government who might be interested in having space in the building for providing their particular service to the community and from that information a program of accommodation is assembled. In this particular instance I understand that the assemblying of the information from the other departments was conducted at the meetings of the Coordinating Committee and the Coordinating Committee produced, in effect for us, the accommodation requirements.

Q There was in existence while the Town was being constructed a special committee called The Grande Cache Coordinating Committee?

A That is correct.

Q And that was a government committee, primarily?

A I believe so, yes.

Q Did you attend any of its meetings?

A I wasn't involved, no.

Q Is it your information that this consisted of meetings of Deputy Ministers, engineers, company and others, to exchange information?

A I understand there were senior representatives from all

A (continued) departments.

Q And they met regularly while the Town was being built?

A Met on a fairly regular basis, I understand, while the Town was being developed.

Q And among other things they coordinated getting this kind of information to you?

A That is correct.

Q Those are all the questions I have of this witness.

MR. CRUMP: Mr. Martland, have you any questions of Mr. Menzies?

MR. MARTLAND: Just one, sir.

MR. MARTLAND EXAMINES THE WITNESS:

Q Did your Department have any dealings with McIntyre Porcupine that you know of?

A None that I am aware of.

MR. MARTLAND: That is the only question I have.

MR. CRUMP: Mr. Graham?

MR. GRAHAM: No.

MR. CRUMP: Mr. Patching?

MR. PATCHING: No.

MR. CRUMP: And I don't think I have any, Mr. Menzies, so thank you very much for coming, you may stand down.

A Thank you, sir.

MR. STEVENSON: That is the last witness called for the day, sir.

MR. CRUMP: Last witness for the day; we will adjourn then, gentlemen, until 9:30 tomorrow morning, thank you.

(The Hearing stood adjourned at 12:10 p.m.)